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**Joint Inspection Unit**

# Review of donor reporting requirements across the United Nations system

## Note by the Secretary-General

### Addendum

The Secretary-General has the honour to transmit to the members of the General Assembly his comments and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled "Review of donor reporting requirements across the United Nations system" (JIU/REP/2017/7).

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*Summary*

In its report entitled "Review of donor reporting requirements across the United Nations system", the Joint Inspection Unit identified ways to improve donor reporting, to better address donor needs and requirements, including by exploring possibilities for standardization and streamlining, and to enhance the standing of the United Nations system as a responsive and valuable partner for donors.

The present note reflects the views of organizations of the United Nations system on the recommendations contained in the report. The views have been consolidated on the basis of input provided by organizations members of the United Nations System Chief Executives Board for Coordination, which welcomed the report and supported some of its conclusions.

# I. Introduction

1. In its report entitled "Review of donor reporting requirements across the United Nations system" (JIU/REP/2017/7), the Joint Inspection Unit identified ways to improve donor reporting, to better address donor needs and requirements, including by exploring possibilities for standardization and streamlining, and to enhance the standing of the United Nations system as a responsive and valuable partner for donors.

# II. General comments

2. Organizations of the United Nations system welcome the report and appreciate its broad overview on various aspects of donor relations. They generally support the recommendations proposed by the Joint Inspection Unit, underscoring that the ability to implement them depends primarily on donors' readiness.

3. With the rise in non-core voluntary contributions, several organizations see the value of streamlining, harmonizing and standardizing donor reporting, although they caution against making the reporting exercise more onerous, cumbersome or duplicative, in particular where statutory reporting streams are already in place.

4. With regard to the development and adoption of a common reporting template, as proposed in recommendation 6, organizations support the overall idea of exploring standard reporting templates, and cite ongoing practices, such as, in the context of the United Nations Sustainable Development Group, the operational template and guidance for the United Nations Development Assistance Framework, as well as the work promulgated by the Finance and Budget Network of the High-Level Committee on Management.

5. Organizations note that the report does not address the "payment by results" type of agreement used by certain donors, such as the Department for International Development of the United Kingdom of Great Britain and Northern Ireland, the use of which is currently being considered by the European Commission.

6. Organizations observe that, whereas the review was ostensibly focused on the United Nations system organizations that had the highest number of donor reports (JIU/REP/2017/7, para. 10), low reporting organizations were also included in the review, possibly making some of observations that may be valid for organizations with a high number of reports not entirely useful for those with a low number of reports. Accordingly, they note it would be advantageous to differentiate organizations by quantity of donor reports in future reviews.

# III. Specific comments on the recommendations

**Recommendation 1**

**The governing bodies of the United Nations system organizations should encourage the Secretary-General and executive heads of other organizations, in the framework of the United Nations System Chief Executives Board for Coordination, to develop a common position and pursue a high-level strategic dialogue with donors, in order to address the challenges posed by the current funding models and practices and the impact of strict earmarking of voluntary contributions and reporting to donors.**

7. Organizations support the recommendation and note that, in the light of the nature and complexities of international development interventions, a high-level strategic dialogue for United Nations entities and donors would be desirable. Some

organizations note that such dialogues are ongoing, in the context of mandates from the governing bodies of certain organizations, including the United Nations Children's Fund, the United Nations Development Programme and the International Labour Organization, and the Grand Bargain work stream on harmonized reporting, which is perceived as a good starting point for United Nations coordination.

8. Organizations recognize the possible value of reaching an agreement with at least some key donors, given that it would provide a level of consistency across the United Nations system, facilitate negotiations on funding and reporting arrangements and save on related administrative costs. It would also allow for more collaborative approaches among United Nations entities. Organizations underline however the importance of retaining the flexibility to adapt formats, templates and schedules in agreements with donors.

9. Organizations recognize that, in order to address the challenges posed by the current funding models and practices and the impact of the strict earmarking of voluntary contributions and reporting to donors, there is also a need to focus on building trust and offering adequate transparency.

10. Organizations support the efforts of the Secretary-General as part of the United Nations report on the funding compact.

**Recommendation 2**

**The executive heads of the United Nations system organizations that have not yet done so should put in place measures for ensuring that partnership agreements, concluded at the corporate level with the donors and at the corporate and field levels for individual programmes and projects, spell out the needs and requirements of the donors and the mutual commitments of the organizations and the donors, with respect to the details of reporting on the use of funds provided.**

11. Organizations support the recommendation. Several entities point to the fact that they are already implementing the proposed approach. Organizations note that the implementation of the recommendation would help to increase compliance with donor requirements and improve donor satisfaction and suggest considering a possible threshold for donor reporting for proportionally smaller contributions.

12 Organizations note that actions to be undertaken in response to the recommendation should be considered together with recommendation 6, advocating for a single common donor reporting format.

**Recommendation 3**

**The executive heads of the United Nations system organizations should encourage better access to, and dissemination and exchange of, information concerning donor reporting among the member States and should ensure that every organization maintains a corporate repository for all contribution agreements and donor reports.**

13. Organizations partially support the recommendation. Some organizations point to the ongoing efforts towards enhanced transparency in the context of the International Aid Transparency Initiative common standards, whereas others underscore the necessity of acquiring donor approval in order to disclose and disseminate information on contribution agreements, which are often confidential and not publicly accessible to third parties unless agreed upon and specified by all parties involved.

14. Organizations note that donor reports for specific projects may at times include sensitive information relevant to a specific project, agreement, national context, partner or beneficiary, which may require further review before being shared publicly, resulting in an increase in workload.

15. Some organizations report having central repositories of contribution agreements and reports accessible to staff members, although some large, decentralized organizations find collection of all donor reporting published at the country and regional levels challenging and suggest addressing the recommendation in the context of document retention policies.

**Recommendation 4**

**The executive heads of the United Nations system organizations that have not yet done so should regularly update guidance on donor reporting and put in place measures for the professional skills development and training needed to improve reporting to donors, for personnel at headquarters and in the field.**

16. Organizations support the recommendation and note that, in those cases in which guidance on reporting and the corresponding capacity-building is not already in place, they are being introduced incrementally.

**Recommendation 5**

**The executive heads of the United Nations system organizations that have not yet done so should work systematically with donors to include in donor agreements the costs associated with preparing donor reports.**

17. Organizations generally support the recommendation, even though some find it challenging to quantify the actual costs associated with preparing donor reports. Organizations note that, although standard donor reporting costs are covered by direct project and programme support costs, specific or ad hoc reporting requirements and associated costs must be discussed separately and included in the donor agreement.

**Recommendation 6**

**The Secretary-General and executive heads of other United Nations system organizations should, preferably within the framework of the United Nations System Chief Executives Board for Coordination, develop and adopt a common report template accommodating the information needs and requirements of donors and the regulatory frameworks and capacities of the organizations, as a basis for negotiations with donors.**

18. Organizations generally support the overall aim of the recommendation. Organizations note, however, that the recommendation could have been further elaborated by specifying how the diversity of the requirements of donors and the regulatory frameworks and capacities of the organizations could be accommodated. They caution against creating duplicative reporting streams for those entities that are bound by their statuary reporting with defined formats.

19. Organizations note that more explicit linkages between the recommendation and parallel initiatives that are being undertaken in the context of the Grand Bargain on harmonized reporting and on transparency could have been spelled out, in order to avoid duplicating efforts and leaving important actors out of the process, in particular non-governmental organizations.

20. However, some organizations note that, given that the Grand Bargain work stream on harmonized reporting, and its proposed common reporting template,

referred to as the "8+3" template, is still in the pilot phase, it is too early to determine whether a common reporting template is practical or feasible.

21. The Secretariat notes that, for the past three years, it has been using the financial reporting format promulgated by the Finance and Budget Network.

**Recommendation 7**

**The governing bodies of the United Nations system organizations should request the executive heads to task, and adequately support, the internal audit and evaluation offices of their respective organizations with ensuring that the relevant oversight reports provide the required levels of assurance that would help to minimize reporting to individual donors on the use of their earmarked contributions.**

22. Organizations take note that the recommendation is addressed to governing bodies and underscore its link to the proposed high-level dialogue with donors, which should include discussions on the reliance on internal audits and evaluation for assurance to donors, as set out in recommendation 1.

23. Organizations note that the ability to implement the proposed recommendation will depend on the readiness of donors to consolidate reporting on the use of their earmarked contributions.

24. Organizations also note that that undertaking fiduciary oversight functions such as specific audits and evaluations in order to fulfil donor requirements on the use of their earmarked contributions, including to satisfy specific concerns and needs regarding assurance of the proper use of funds, requires a governance structure, resourcing level, organizational set-up and skill set that are different to those currently in place.

25. Organizations observe that the review did not sufficiently articulate the departure from risk-based auditing and the need for resources to pursue ad hoc audits, noting that internal audits are conducted on the basis of a risk-based audit plan to satisfy the needs of a given entity and its governing body. Undertaking specific audits, upon the request of donors, falls out of the scope of such risk-based plans and requires a different governance structure, infrastructure and skill set to fulfil the needs of specific groups of stakeholders.